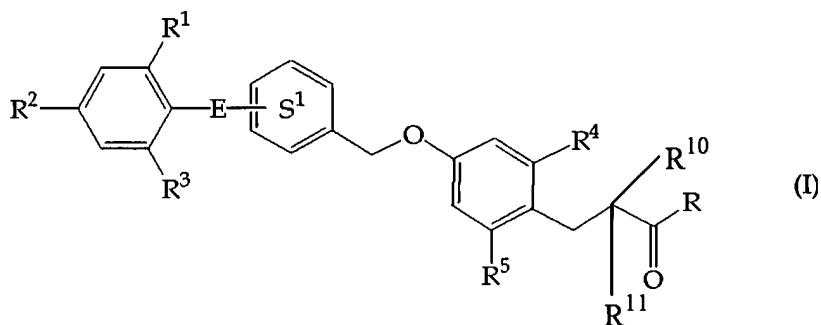


Amendments to the Claims

1. (Original) A compound represented by the formula (I):



wherein

R^1 , R^3 , R^4 and R^5

are the same or different and each is a hydrogen atom, a halogen atom, an optionally substituted hydrocarbon group or an optionally substituted hydroxy group;

R^2 is a halogen atom, a nitro group, an optionally substituted hydrocarbon group, an optionally substituted hydroxy group, an optionally substituted amino group, an optionally substituted mercapto group, an optionally substituted acyl group or an optionally substituted heterocyclic group;

R^{10} and R^{11} are the same or different and each is a hydrogen atom, a halogen atom or a C_{1-6} alkoxy group;

E is a bond, an optionally substituted C_{1-4} alkylene group, $-W^1-O-W^2-$, $-W^1-S-W^2-$ or $-W^1-N(R^6)-W^2-$ (wherein W^1 and W^2 are the same or different and each is a bond or an optionally substituted C_{1-3} alkylene group, and R^6 is a hydrogen atom, an optionally substituted acyl group or an optionally substituted hydrocarbon group);

ring S^1 is a benzene ring optionally further having substituent(s) selected from a halogen atom, an optionally substituted hydrocarbon group, an optionally substituted hydroxy group and an optionally substituted amino group; and

R is an optionally substituted hydroxy group or an optionally substituted amino group;

provided that R^1 and R^3 are not simultaneously a hydrogen atom, or a salt thereof.

2. (Original) The compound of claim 1, wherein R^2 is a halogen atom, an optionally substituted hydrocarbon group, an optionally substituted hydroxy group, an optionally substituted amino group, an optionally substituted mercapto group or an optionally substituted heterocyclic group, and R^{10} and R^{11} are both hydrogen atoms, or a salt thereof.

3. (Cancelled)

4. (Original) The compound of claim 1, wherein R^4 and R^5 are the same or different and each is a hydrogen atom or a halogen atom, or a salt thereof.

5. (Original) The compound of claim 1, wherein E is a bond, or a salt thereof.

6. (Original) The compound of claim 1, wherein R is a hydroxy group, or a salt thereof.

7. (Original) The compound of claim 1, wherein R^1 and R^3 are the same or different and each is a C_{1-6} alkyl group, or a salt thereof.

8. (Original) The compound of claim 1, wherein R^2 is an optionally substituted hydroxy group, or a salt thereof.

9. (Original) The compound of claim 1, wherein R^{10} and R^{11} are both hydrogen atoms, or a salt thereof.

10. (Original) The compound of claim 1, wherein ring S^1 is a benzene ring optionally further having a C_{1-6} alkoxy group, or a salt thereof.

11. (Original) 3-[4-[[4'-(benzyloxy)-2',6'-dimethylbiphenyl-3-yl]methoxy]phenyl]propanoic acid;
3-(4-{[4'-(2-ethoxyethoxy)-2',6'-dimethylbiphenyl-3-yl]methoxy}phenyl)-2,2-difluoropropanoic acid;
3-[4-({4'-[2-(ethylsulfonyl)ethoxy]-2',6'-dimethylbiphenyl-3-yl}methoxy)-2-fluorophenyl]propanoic acid;
3-[4-({2',6'-dimethyl-4'-[3-(2-oxopyrrolidin-1-yl)propoxy]biphenyl-3-yl}methoxy)-2-fluorophenyl]propanoic acid;

3-[4-({2',6'-dimethyl-4'-[(6-methylpyridin-2-yl)methoxy]biphenyl-3-yl)methoxy)-2-fluorophenyl]propanoic acid;
3-[2-fluoro-4-({4'-[(4-hydroxy-1,1-dioxidotetrahydro-2H-thiopyran-4-yl)methoxy]-2',6'-dimethylbiphenyl-3-yl)methoxy)phenyl]propanoic acid;
3-[4-({2',6'-dimethyl-4'-[(methylsulfonyl)oxy]biphenyl-3-yl)methoxy)-2-fluorophenyl]propanoic acid;
3-[4-({4'-[(1,1-dioxidotetrahydro-2H-thiopyran-4-yl)oxy]-2',6'-dimethylbiphenyl-3-yl)methoxy)-2-fluorophenyl]propanoic acid;
3-[4-({2',6'-dimethyl-4'-[(3-methyloxetan-3-yl)methoxy]biphenyl-3-yl)methoxy)-2-fluorophenyl]propanoic acid;
3-[4-({2',6'-dimethyl-4'-(tetrahydro-2H-pyran-4-yloxy)biphenyl-3-yl)methoxy)-2-fluorophenyl]propanoic acid;
3-[4-({4'-[3-(diethoxyphosphoryl)propoxy]-2',6'-dimethylbiphenyl-3-yl)methoxy)-2-fluorophenyl]propanoic acid;
3-[2-fluoro-4-({6-isopropoxy-2',6'-dimethyl-4'-[(3-methyloxetan-3-yl)methoxy]biphenyl-3-yl)methoxy)phenyl]propanoic acid;
or a salt thereof.

12. **(Currently amended)** A GPR40 receptor function modulator comprising a compound of claim 1 or a salt thereof ~~or a prodrug thereof~~.

13. **(Currently amended)** A pharmaceutical agent comprising a compound of claim 1 or a salt thereof ~~or a prodrug thereof~~.

14. **(Original)** The pharmaceutical agent of claim 13, which is an agent for the prophylaxis or treatment of diabetes.

15. **(Cancelled)**

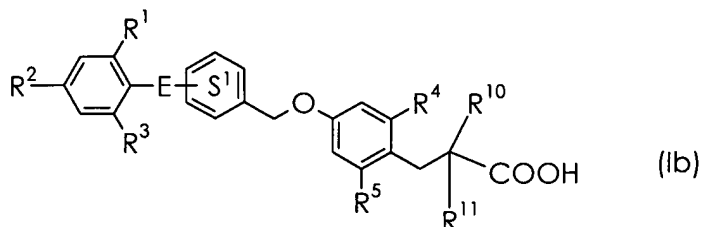
16. **(Currently amended)** A method for the production of an agent for the prophylaxis or treatment of diabetes, which comprises mixing a compound of claim 1 or a salt thereof ~~or a prodrug thereof~~ with a pharmaceutically acceptable carrier.

17. **(Cancelled)**

18. **(Currently amended)** A method for the prophylaxis or treatment of diabetes in a mammal, which comprises administering an effective amount

of a compound of claim 1 or a salt thereof ~~or a prodrug thereof~~ to the mammal.

19. (Currently amended) A production method of a compound represented by the formula (Ib):



wherein ~~R¹, R², R³, R⁴, R⁵, R¹⁰, R¹¹, E and ring S¹ are as defined in claim 1,~~ R¹, R³, R⁴ and R⁵

are the same or different and each is a hydrogen atom, a halogen atom, an optionally substituted hydrocarbon group or an optionally substituted hydroxy group;

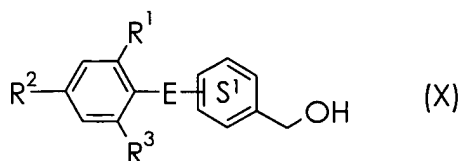
R² is a halogen atom, a nitro group, an optionally substituted hydrocarbon group, an optionally substituted hydroxy group, an optionally substituted amino group, an optionally substituted mercapto group, an optionally substituted acyl group or an optionally substituted heterocyclic group;

R¹⁰ and R¹¹ are the same or different and each is a hydrogen atom, a halogen atom or a C₁₋₆ alkoxy group;

E is a bond, an optionally substituted C₁₋₄ alkylene group, -W¹-O-W²-, -W¹-S-W²- or -W¹-N(R⁶)-W²- (wherein W¹ and W² are the same or different and each is a bond or an optionally substituted C₁₋₃ alkylene group, and R⁶ is a hydrogen atom, an optionally substituted acyl group or an optionally substituted hydrocarbon group);

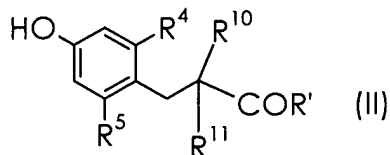
ring S¹ is a benzene ring optionally further having substituent(s) selected from a halogen atom, an optionally substituted hydrocarbon group, an optionally substituted hydroxy group and an optionally substituted amino group; and

provided that R¹ and R³ are not simultaneously a hydrogen atom, or a salt thereof, which comprises reacting a compound represented by the formula (X):



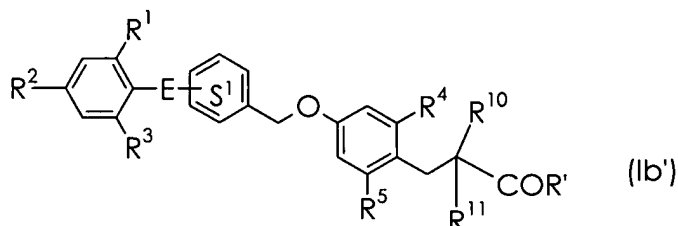
wherein each symbol is as defined above,

or a salt thereof, and a compound represented by the formula (II):



wherein R^4 , R^5 , R^{10} and R^{11} are as defined above, and R' is an optionally substituted C_{1-6} alkoxy group,

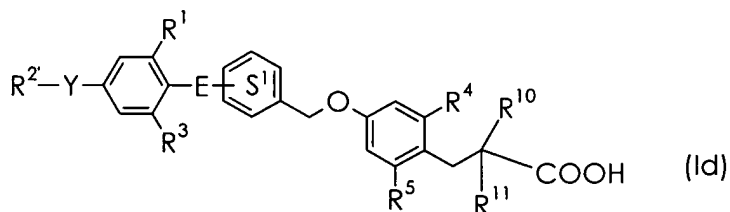
or a salt thereof, to give a compound represented by the formula (Ib'):



wherein each symbol is as defined above,

or a salt thereof, and subjecting the compound or a salt thereof to a hydrolysis reaction.

20. (Currently amended) A production method of a compound represented by the formula (Id):



~~wherein R^1 , R^2 , R^3 , R^4 , R^5 , R^{10} , R^{11} , E and ring S^1 are as defined in claim 1,~~
 R^1 , R^3 , R^4 and R^5

are the same or different and each is a hydrogen atom, a halogen atom, an optionally substituted hydrocarbon group or an optionally substituted hydroxy group;

R^{10} and R^{11} are the same or different and each is a hydrogen atom, a halogen atom or a C_{1-6} alkoxy group;

E is a bond, an optionally substituted C_{1-4} alkylene group,

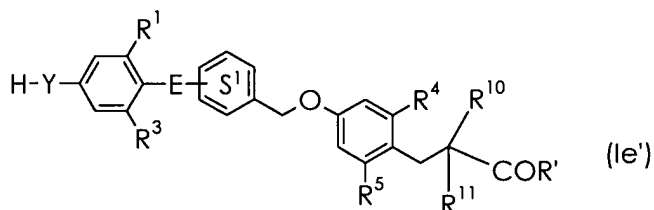
-W¹-O-W²-, -W¹-S-W²- or -W¹-N(R⁶)-W²- (wherein W¹ and W² are the same or different and each is a bond or an optionally substituted C₁₋₃ alkylene group, and R⁶ is a hydrogen atom, an optionally substituted acyl group or an optionally substituted hydrocarbon group);

ring S¹ is a benzene ring optionally further having substituent(s) selected from a halogen atom, an optionally substituted hydrocarbon group, an optionally substituted hydroxy group and an optionally substituted amino group; and

provided that R¹ and R³ are not simultaneously a hydrogen atom,

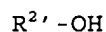
Y is -O- or -S-, and R^{2'} is a substituent,

or a salt thereof, which comprises reacting a compound represented by the formula (Ie'):



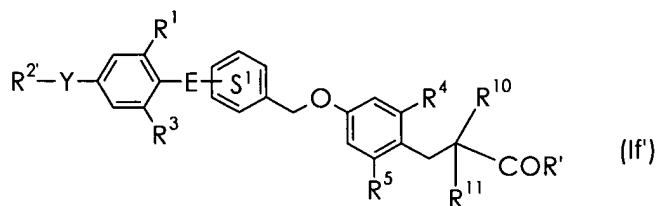
wherein R¹, R³, R⁴, R⁵, R¹⁰, R¹¹, E, Y and ring S¹ are as defined above, R^{2'} is an optionally substituted C₁₋₆ alkoxy group,

or a salt thereof, and a compound represented by the formula:



wherein R^{2'} is as defined above,

or a salt thereof, to give a compound represented by the formula (If'):



wherein each symbol is as defined above,

or a salt thereof, and subjecting the compound or a salt thereof to a hydrolysis reaction.